

DEUTSCHE TELEKOM
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
(VOICESTREAM AND POWERTEL MERGERS)
For the Nine Months Ended September 30, 2000
(In euros)
(In thousands, except per share amounts)

	Deutsche Telekom Note 1	VoiceStream Notes 2, 30	VoiceStream Merger Adjustments	Deutsche Telekom and VoiceStream	PowerTel Notes 3, 31	PowerTel Merger Adjustments	Adjusted Deutsche Telekom, VoiceStream and PowerTel
Net revenue	29,222,000	1,559,333	—	30,781,333	354,523	—	31,135,856
Other own capitalized costs	707,000	93,535	—	800,535	—	—	800,535
Total operating performance	29,929,000	1,652,868	—	31,581,868	354,523	—	31,936,391
Other operating income	10,144,000	67,810	—	10,211,810	768	—	10,212,578
Goods and services purchased	(8,381,000)	(800,389)	—	(9,181,389)	(143,311)	—	(9,324,700)
Personnel costs	(7,038,000)	(402,939)	(64,660) (22)	(7,505,599)	(74,897)	(11,996) (22)	(7,592,492)
Depreciation and amortization	(7,958,000)	(770,933)	(1,253,522) (23)	(9,982,455)	(79,155)	(218,936) (23)	(10,280,546)
Other operating expenses	(6,921,000)	(955,512)	—	(7,876,512)	(127,732)	—	(8,004,244)
Financial income (expenses), net	126,000	(462,321)	(684,133) (24)	(1,020,454)	(89,718)	—	(1,110,172)
Results from ordinary business activities	9,901,000	(1,671,416)	(2,002,315)	6,227,269	(159,522)	(230,932)	5,836,815
Extraordinary items	(138,000)	(2,635)	—	(140,635)	—	—	(140,635)
Taxes	(1,219,000)	(19,276)	273,653 (25)	(964,623)	(1,538)	—	(966,161)
Income (loss) after taxes	8,544,000	(1,693,327)	(1,728,662)	5,122,011	(161,060)	(230,932)	4,730,019
Losses applicable to minority shareholders	(99,000)	(16,618)	—	(115,618)	(7,842)	—	(123,460)
Net income (loss)	8,445,000	(1,709,945)	(1,728,662)	5,006,393	(168,902)	(230,932)	4,606,559
U.S. GAAP reconciling items (Note 26)	1,367,000	18,539	(480,950)	904,589	2,917	(20,335)	887,171
Net income (loss) after U.S. GAAP adjustments	9,812,000	(1,691,406)	(2,209,612)	5,910,982	(165,985)	(251,267)	5,493,730
Earnings per share under German GAAP (Note 27)	2.79			1.32			1.17
Basic earnings per share under U.S. GAAP (Note 27)	3.24			1.56			1.40
Diluted earnings per share under U.S. GAAP (Note 27)	3.24			1.46			1.31

See Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

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(VOICESTREAM AND POWERTEL MERGERS)
For the Year Ended December 31, 1999
(In euros)
(In thousands, except per share amounts)

	Deutsche Telekom Note 1	VoiceStream Notes 2, 32	VoiceStream Merger Adjustments	Deutsche Telekom and VoiceStream	Powertel Notes 3, 33	Powertel Merger Adjustments	Adjusted Deutsche Telekom, VoiceStream and Powertel
Net revenue	35,470,000	978,330	—	36,448,330	266,063	—	36,714,393
Other own capitalized costs	947,000	29,115	—	976,115	270	—	976,385
Total operating performance	36,417,000	1,007,445	—	37,424,445	266,333	—	37,690,778
Other operating income	1,871,000	48,869	—	1,919,869	204,180	—	2,124,049
Goods and services purchased	(7,667,000)	(511,410)	—	(8,178,410)	(122,525)	—	(8,300,935)
Personnel costs	(9,210,000)	(363,759)	(86,213) (22)	(9,659,972)	(75,543)	(15,995) (22)	(9,751,510)
Depreciation and amortization	(8,466,000)	(771,778)	(1,675,506) (23)	(10,913,284)	(82,986)	(291,914) (23)	(11,288,184)
Other operating expenses	(6,872,000)	(661,249)	—	(7,533,249)	(122,601)	—	(7,655,850)
Financial expense, net	(2,889,000)	(409,381)	(1,052,495) (24)	(4,350,876)	(99,642)	—	(4,450,518)
Results from ordinary business activities	3,184,000	(1,661,263)	(2,814,214)	(1,291,477)	(32,784)	(307,909)	(1,632,170)
Extraordinary items	(240,000)	(38,520)	—	(278,520)	—	—	(278,520)
Taxes	(1,420,000)	107,987	420,998 (25)	(891,015)	(3,367)	—	(894,382)
Income (loss) after taxes	1,524,000	(1,591,796)	(2,393,216)	(2,461,012)	(36,151)	(307,909)	(2,805,072)
Losses applicable to minority shareholders	(271,000)	(24,066)	—	(295,066)	(9,153)	—	(304,219)
Net income (loss)	1,253,000	(1,615,862)	(2,393,216)	(2,756,078)	(45,304)	(307,909)	(3,109,291)
U.S. GAAP reconciling items (Note 26)	260,000	52,929	(627,390)	(314,461)	(80,885)	(12,292)	(407,638)
Net income (loss) after U.S. GAAP adjustments	1,513,000	(1,562,933)	(3,020,606)	(3,070,539)	(126,189)	(320,201)	(3,516,929)
Earnings (loss) per share under German GAAP (Note 27)	0.43			(0.75)			(0.82)
Basic and diluted earnings (loss) per share under U.S. GAAP (Note 27)	0.53			(0.84)			(0.93)

See Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED
FINANCIAL STATEMENTS
(VOICESTREAM AND POWERTEL MERGERS)
(In euros, except as otherwise indicated)
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Note 1

These columns reflect Deutsche Telekom's historical consolidated balance sheet and statement of operations as of and for the nine months ended September 30, 2000 and statement of operations for the year ended December 31, 1999, prepared and presented in accordance with German GAAP, and reconciled to U.S. GAAP.

Certain reclassifications have been made to the prior year statement of operations to conform to the current year presentation. Such reclassifications have no impact on prior year reported net income.

Note 2

These columns reflect the VoiceStream historical consolidated balance sheet and pro forma statement of operations as of and for the nine months ended September 30, 2000 and the pro forma statement of operations for the year ended December 31, 1999. The VoiceStream pro forma statements of operations include the consolidation of Omnipoint and Aerial as if they had been acquired by VoiceStream at the beginning of the period.

The historical consolidated balance sheet and the pro forma statements of operations have been prepared and presented in accordance with German GAAP and reconciled to U.S. GAAP. The U.S. GAAP financial statements are incorporated by reference in this document. A summary of reconciling items between German GAAP and U.S. GAAP is disclosed in Notes 21 and 26.

On February 25, 2000 and May 4, 2000, VoiceStream completed mergers with Omnipoint and Aerial, respectively. Accordingly, subsequent to the respective merger dates, Omnipoint and Aerial results are included in VoiceStream's consolidated results. Pursuant to the Omnipoint agreement, VoiceStream exchanged 0.825 of a VoiceStream common share plus \$8.00 in cash for each outstanding Omnipoint common share. Pursuant to the Aerial agreement, VoiceStream exchanged 0.455 of a VoiceStream common share for each outstanding Aerial common share.

The aggregate purchase price and the preliminary allocations are as follows:

	<u>Aerial</u>	<u>Omnipoint</u>
Consideration and merger costs:		
Total value of shares issued in merger(a)	6,454,000	1,740,400
Cash payments	128,900	709,500
Fair value of options and warrants converted	6,900	972,000
Fair value of liabilities assumed inclusive of minority interest	533,700	3,584,200
Merger related costs	23,200	21,500
Cook Inlet exchange rights	—	31,700
Total consideration	7,146,700	7,059,300
Preliminary allocation of purchase price:		
Current assets	106,100	226,700
Property, plant and equipment	410,800	535,200
Investments in unconsolidated affiliates	4,000	769,400
Licenses and other intangibles	623,400	1,062,600
Preliminary goodwill	<u>6,002,400</u>	<u>4,465,400</u>

(a) VoiceStream issued 52,325,301 and 52,952,399 shares, respectively, in conjunction with the Aerial and Omnipoint mergers.

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The above allocations reflect the estimated fair value of assets and liabilities acquired. Some allocations are based on valuations which are currently being finalized. VoiceStream does not believe that the final purchase price allocations will produce materially different results than those reflected above.

Certain reclassifications have been made to the historical financial information for VoiceStream to conform to Deutsche Telekom's financial statement presentation. These reclassifications do not materially impact VoiceStream's results of operations or financial position. Intercompany transactions are immaterial to the financial statement presentation and have not been eliminated.

Note 3

These columns reflect the Powertel historical consolidated balance sheet and statement of operations as of and for the nine months ended September 30, 2000 and statement of operations for the year ended December 31, 1999, prepared and presented in accordance with German GAAP and reconciled to U.S. GAAP. The U.S. GAAP financial statements are incorporated by reference in this document. A summary of reconciling items between German GAAP and U.S. GAAP are disclosed in Notes 21 and 26.

Certain reclassifications have been made to the historical financial information for Powertel to conform to Deutsche Telekom's financial statement presentation. These reclassifications do not materially impact Powertel's results of operations or financial position. Intercompany transactions are immaterial to the financial statement presentation and have not been eliminated.

Note 4

The Deutsche Telekom/VoiceStream merger will result in an allocation of the purchase price to the tangible and intangible assets and liabilities of VoiceStream. The transaction is not expected to result in an incremental deferred tax liability. Such allocation reflects the estimated fair value of the assets and liabilities acquired by Deutsche Telekom based upon information available at the date of the preparation of the accompanying pro forma condensed combined financial statements. Such allocation will be adjusted upon the final determination of such fair values. Management is not aware of any circumstances that would cause the final purchase price allocation to be significantly different from that which is reflected in the accompanying pro forma condensed combined balance sheet. However, actual valuations and allocations may differ from those reflected herein.

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Under German GAAP, the aggregate purchase price was calculated as follows:

VoiceStream common shares outstanding(a)	228,859
Conversion of VoiceStream preferred shares to common shares(b)	13,627
Pro forma VoiceStream common shares outstanding	242,486
Deutsche Telekom exchange ratio(d)	3.2
Equivalent Deutsche Telekom ordinary shares	775,955
Deutsche Telekom share price(c)	41.26
Subtotal (notional par value 1,986,447)	32,015,943
Cash consideration for all VoiceStream shares(d)	8,488,433
Conversion of VoiceStream preferred shares into common shares(b)	(453,730)
Minority interest and fair value of liabilities assumed by Deutsche Telekom(j)	7,487,097
Option, warrants and restricted share conversion costs(e)	1,123,042
Merger related costs(g)	67,000
Total consideration(k)	48,727,785
Deferred compensation related to unvested grants(f)	(241,110)
Fair value of VoiceStream tangible assets acquired(h)	(3,844,223)
Fair value of VoiceStream intangible assets acquired(i)	(5,098,084)
Preliminary goodwill resulting from the VoiceStream merger(k)	39,544,368

- (a) The outstanding VoiceStream common shares as of November 15, 2000.
- (b) Represents the conversion of the VoiceStream junior convertible preferred shares to VoiceStream common shares prior to the closing of the merger. The VoiceStream junior convertible preferred shares will be converted at 33.84 euros (\$29) per common share, pursuant to the VoiceStream preferred share agreement.
- (c) Deutsche Telekom ordinary shares issued in consideration for the acquisition of VoiceStream would be valued based on the quoted market price as of the closing date of the transaction. The share price is based on the closing price of Deutsche Telekom ordinary shares on November 15, 2000, the latest practicable date. For each 10 euro increase or decrease in the Deutsche Telekom share price, the merger consideration amount would increase or decrease by 7.8 billion euros and annual amortization expense would increase or decrease by 390 million euros.
- (d) The conversion factor used for purposes of this pro forma purchase price allocation is the stock and cash election of 3.2 shares of Deutsche Telekom shares plus 35.01 euros (\$30) cash for each VoiceStream common share. The merger agreement includes a provision which will increase the number of shares to be issued and decrease the cash consideration in the event the stock to cash mix is not adequate for the transaction to qualify as a tax-free exchange.
- (e) This amount represents the fair value, based on a Black-Scholes valuation, associated with the conversion of outstanding VoiceStream options, warrants and restricted shares to equivalent options, warrants and restricted shares of Deutsche Telekom at the time of the Deutsche Telekom/VoiceStream merger based on the number of options, warrants and restricted shares outstanding and the closing market price of Deutsche Telekom ordinary shares as of November 15, 2000.

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- (f) A portion of the intrinsic value of the unvested VoiceStream options to be converted into Deutsche Telekom options have been recorded as deferred compensation and will be expensed over the remaining vesting period.
- (g) Anticipated merger costs to be capitalized by Deutsche Telekom as a result of the Deutsche Telekom/VoiceStream merger represent bankers' fees.
- (h) The estimated fair market value of the VoiceStream tangible assets acquired, which excludes the 5.7 billion euro investment previously made by Deutsche Telekom in VoiceStream preferred shares, is based on preliminary valuations, using assumptions we believe are reasonable, pending finalization of the purchase price allocation process.
- (i) The estimated fair value of the VoiceStream intangible assets acquired, based on preliminary valuations, are as follows:

Historical cost of FCC licenses acquired	1,771,642
Fair value adjustment for FCC licenses	3,171,543
Historical cost of other intangible assets acquired (excluding goodwill)	<u>154,899</u>
	<u><u>5,098,084</u></u>

- (j) Certain of VoiceStream's long-term debt agreements contain provisions which could require VoiceStream to repay the debt upon a change in control.

The 4.44 billion euros senior secured credit facility, which we refer to as the "Credit Facility", contains a provision whereby a change in control, together with an affirmative vote of the majority of the lenders within 90 days after the change in control occurs, constitutes an event of default. If the event of default is declared, all principal and interest under the Credit Facility becomes due and payable immediately. At September 30, 2000 approximately 3.0 billion euros was outstanding under the credit facility.

The 10%% Senior Notes, the 11½% Senior Notes and the 11¾% Senior Discount Notes, which we refer collectively to as "Notes", contain provisions whereby a change in control, together with a rating decline of the Notes would constitute a change in control triggering event. If such an event occurs, the holders of the Notes can require VoiceStream to repurchase the Notes, within 90 days of the occurrence of the event, at the greater of: (1) 101% plus unpaid interest, and (2) the sum of the present values of the remaining scheduled payments of principal and interest. At September 30, 2000 approximately 3.0 billion euros in Notes were outstanding.

The pro forma condensed combined balance sheet assumes that the change in control will not result in the repayment of the debt outstanding under these agreements, and therefore, outstanding debt amounts have not been reclassified as current.
- (k) The actual consideration and resulting goodwill for the Deutsche Telekom/VoiceStream merger could change due to the exercise of stock options, warrants, put options or conversion of remaining outstanding preferred shares prior to the closing date.

Exercise or conversion of all of these financial instruments would result in approximately 99.5 million additional Deutsche Telekom ordinary shares being issued, 3.5 billion euros of additional consideration and goodwill and additional amortization expense of approximately 130 million euros for the nine months ended September 30, 2000 and 173 million euros for the year ended December 31, 1999. If such financial instruments are not exercised or converted prior to the closing of the merger, the merger agreement stipulates that these financial instruments, upon exercise or conversion thereof after

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the closing date of the merger, will be exchanged for or converted into equivalent Deutsche Telekom ordinary shares.

Note 5

The incremental adjustment to intangible assets for the Deutsche Telekom/VoiceStream merger is comprised of the following:

Fair value adjustment made to historical cost of FCC licenses	3,171,543
Goodwill resulting from the Deutsche Telekom/VoiceStream merger ..	39,544,368
VoiceStream historical intangible assets	<u>(10,210,368)</u>
Incremental adjustment to intangible assets	<u><u>32,505,543</u></u>

Note 6

- (a) This adjustment represents the elimination for accounting consolidation purposes of Deutsche Telekom's investment of 5.7 billion euros (\$5 billion) in VoiceStream preferred shares on September 6, 2000. Deutsche Telekom's purchase of these shares was funded from partial proceeds of a global bond offering closed on July 4, 2000.
- (b) The adjustment to preferred shares for the Deutsche Telekom/VoiceStream merger is comprised of the following:

Elimination of the junior convertible preferred shares (Note 4(b))	(453,730)
Elimination of the convertible redeemable preferred shares held by Deutsche Telekom for accounting consolidation purposes (Note 6(a)) ..	<u>(5,658,000)</u>
	<u><u>(6,111,730)</u></u>

Note 7

This adjustment represents the 8.5 billion euros to be borrowed to fund the cash consideration portion of the Deutsche Telekom/VoiceStream merger disclosed in Note 4(d).

Note 8

The adjustment to capital shares for the Deutsche Telekom/VoiceStream merger is comprised of the following:

Notional par value of Deutsche Telekom ordinary shares to be issued (Note 4)	1,986,447
Elimination of the par value of VoiceStream common shares to be acquired	<u>(258)</u>
	<u><u>1,986,189</u></u>

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Note 9

The adjustment of 98.0 million euros represents estimated merger and stock registration costs to be incurred by Deutsche Telekom. Under German GAAP, legal, accounting and other fees of 31.0 million euros are not capitalizable as part of the purchase price and accordingly have been recorded as an adjustment to net income (loss). The total estimated liability is as follows:

Bankers' fees	67,000
Legal, accounting and other fees	<u>31,000</u>
	<u>98,000</u>

Note 10

The adjustment to net income (loss) is comprised of the following items:

Merger related costs to be expensed for German GAAP purposes (Note 9)	(31,000)
Elimination of VoiceStream's historical net loss recorded prior to the pro forma merger date of September 30, 2000	<u>1,462,212</u>
	<u>1,431,212</u>

Note 11

The adjustment to additional paid-in capital for the Deutsche Telekom/VoiceStream merger is comprised of the following:

Fair value of Deutsche Telekom ordinary shares to be issued (Note 4)	32,015,943
Less: Notional par value of Deutsche Telekom ordinary shares to be issued (Note 8)	(1,986,447)
Fair value of stock options, warrants and restricted shares to be issued by Deutsche Telekom (Note 4(e))	1,123,042
Elimination of VoiceStream's historical additional paid-in capital	<u>(11,569,921)</u>
	<u>19,582,617</u>

Note 12

The adjustment to deferred compensation for the Deutsche Telekom/VoiceStream merger is comprised of the following:

Fair value of the unvested stock options and warrants to be issued by Deutsche Telekom (Note 4(f))	(241,110)
Elimination of VoiceStream's historical deferred compensation	<u>44,154</u>
	<u>(196,956)</u>

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Note 13

The adjustment represents the elimination of VoiceStream's historical unappropriated net losses carried over from previous years.

Note 14

The Deutsche Telekom/Powertel merger will result in an allocation of the purchase price to the tangible and intangible assets and liabilities of Powertel. The transaction is not expected to result in an incremental deferred tax liability. The allocation reflects the estimated fair value of the assets and liabilities acquired by Deutsche Telekom based upon information available at the date of the preparation of the accompanying pro forma condensed combined financial statements and will be adjusted upon the final determination of such fair values. Management is not aware of any circumstances that would cause the final purchase price allocation to be significantly different from that which is reflected in the accompanying pro forma condensed combined balance sheet. However, actual valuations and allocations may differ from those reflected herein.

Under German GAAP, the aggregate purchase price was calculated as follows:

Powertel restricted and common shares outstanding(a)	31,499
Conversion of Powertel preferred shares and cumulative dividends to common shares (b)	<u>17,953</u>
Pro forma Powertel common shares outstanding	49,452
Deutsche Telekom exchange ratio per share(c)	<u>2.6353</u>
Equivalent Deutsche Telekom ordinary shares	130,321
Deutsche Telekom share price(d)	<u>41.26</u>
Subtotal (notional par value 333,622)	5,377,059
Fair value of liabilities of Powertel at September 30, 2000(g)	1,485,306
Option and warrant conversion costs(e)	232,875
Merger related costs(f)	<u>11,316</u>
Total consideration(j)	7,106,556
Deferred compensation related to unvested grants(i)	(18,866)
Fair value of tangible assets acquired(h)	(1,053,035)
Fair value of intangible assets acquired	<u>(879,872)</u>
Preliminary goodwill	<u>5,154,783</u>

- (a) The outstanding Powertel common and restricted shares as of November 15, 2000.
- (b) These shares relate to the Powertel preferred shares which will be converted into Deutsche Telekom ordinary shares as part of the merger.
- (c) Pursuant to the merger agreement the exchange ratio is 2.6353 Deutsche Telekom ordinary shares for each Powertel common share.
- (d) Deutsche Telekom ordinary shares issued in consideration for the acquisition of Powertel would be valued based on the quoted market price as of the closing date of the transaction. The share price is based on the closing price of Deutsche Telekom ordinary shares on November 15, 2000, the latest practicable date. For each 10 euro increase or decrease in the Deutsche Telekom ordinary share price,

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the merger consideration amount would increase or decrease by 1.3 billion euros and annual amortization expense would increase or decrease by 65 million euros.

- (e) This amount represents the fair value, based on a Black-Scholes valuation of Deutsche Telekom options and warrants to be issued in exchange for outstanding Powertel options and warrants at the time of the Deutsche Telekom/Powertel merger. The calculation is based on the number of Powertel options and warrants outstanding, the exchange ratio as defined above, and the share price of Deutsche Telekom ordinary shares.
- (f) Anticipated merger costs to be capitalized by Deutsche Telekom as a result of the Deutsche Telekom/Powertel merger represents bankers' fees.
- (g) Powertel has issued certain senior notes which contain provisions that require Powertel to offer repayment of outstanding amounts when a change of control occurs. Additionally, the holders of the debt issued under these agreements are entitled to a prepayment premium which at March 31, 2001 would be \$7.1 million.

The pro forma condensed combined balance sheet assumes that the lenders will not accept the offer of Powertel to repay amounts outstanding, and therefore, no outstanding debt amounts have been reclassified as current.

The aggregate amount of principal maturities, including any prepayment premiums, of Powertel's long-term debt at September 30, 2000, should the holders accept the offer of repayment, is approximately 1.4 billion euros. It is assumed that the offer to repurchase would commence within 30 days of the completion of the Deutsche Telekom/Powertel merger.

- (h) The estimated fair market value of the Powertel tangible assets acquired is based on preliminary valuations using assumptions we believe are reasonable pending finalization of the purchase price allocation process.
- (i) A portion of the intrinsic value of the unvested Powertel options to be converted into Deutsche Telekom options for which performance of future service is required has been recorded as deferred compensation and will be expensed over the remaining vesting period.

Note 15

The adjustment to intangible assets for the Deutsche Telekom/Powertel merger is comprised of the following:

Fair value adjustment made to historical cost of FCC licenses	489,836
Goodwill (Note 14)	<u>5,154,783</u>
	<u>5,644,619</u>

Note 16

The adjustment to capital shares for the Deutsche Telekom/Powertel merger is comprised of the following:

Notional par value of Deutsche Telekom ordinary shares to be issued (Note 14)	333,622
Elimination of the par value of Powertel common shares to be acquired	<u>(355)</u>
	<u>333,267</u>

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Note 17

The adjustment represents the elimination of Powertel's unappropriated net losses carried over from previous years.

Note 18

The adjustment to additional paid-in capital for the Deutsche Telekom/Powertel merger is comprised of the following:

Fair value of Deutsche Telekom ordinary shares to be issued (Note 14)	5,377,059
Less: Notional par value of Deutsche Telekom ordinary shares to be issued (Note 16)	(333,622)
Fair value of stock options, warrants and restricted shares to be issued by Deutsche Telekom (Note 14(e))	232,875
Elimination of Powertel's historical additional paid-in capital	<u>(588,820)</u>
	<u>4,687,492</u>

Note 19

This adjustment represents estimated merger and stock registration costs for Powertel to be incurred by Deutsche Telekom. Under German GAAP, legal, accounting and other fees are not capitalizable as part of the purchase price and accordingly have been recorded as an adjustment to net income (loss). The total estimated liability is as follows:

Bankers' fees (Note 14)	11,316
Legal, accounting and other fees	<u>3,395</u>
	<u>14,711</u>

Note 20

The pro forma adjustment to net income (loss) is comprised of the following items:

Merger related costs expensed for German GAAP purposes (Note 19)	(3,395)
Elimination of Powertel's historic loss recorded prior to the pro forma merger date of September 30, 2000	<u>183,934</u>
	<u>180,539</u>

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Note 21

The following summarizes the principal adjustments to reconcile shareholders' equity under German GAAP to the amounts that would have been reported had U.S. GAAP been applied.

	September 30, 2000						
	Deutsche Telekom (a)	VoiceStream	VoiceStream Merger Adjustments	Deutsche Telekom and VoiceStream	Powertel	Powertel Merger Adjustments	Adjusted Deutsche Telekom, VoiceStream and Powertel
Shareholders' equity under German GAAP	43,632,000	14,953,671	18,261,110	76,846,781	(42,235)	5,629,908	82,434,454
Value-added tax	55,000	—	—	55,000	—	—	55,000
Software costs	209,000	1,934 (b)	—	210,934	—	—	210,934
Personnel restructuring costs	56,000	—	—	56,000	—	—	56,000
Employee share purchase plans	13,000	—	—	13,000	—	—	13,000
Deferred income/derivatives	(210,000)	—	—	(210,000)	—	—	(210,000)
Maintenance accruals	46,000	4,002 (c)	—	50,002	2,632 (c)	—	52,634
Goodwill and intangible differences	1,572,000	—	7,848,303 (g)	9,420,303	—	415,716 (g)	9,836,019
Deferred financing	—	106,407 (d)	—	106,407	16,390 (d)	—	122,797
Capitalized interest	—	37,860 (e)	(30,957) (e)	6,903	46,216 (e)	(45,750) (e)	7,369
License amortization	465,000	201,513 (f)	(201,513) (f)	465,000	12,793 (f)	(12,793) (f)	465,000
Sales leaseback	—	—	—	—	(86,802) (h)	86,802 (i)	—
Income taxes	(1,398,000)	—	—	(1,398,000)	—	—	(1,398,000)
Unrealized gains on marketable securities	5,143,000	—	—	5,143,000	—	—	5,143,000
Minority interest	(2,227,000)	(347,906) (j)	—	(2,574,906)	—	—	(2,574,906)
U.S. GAAP and German GAAP equity differences	—	(6,111,730) (k)	6,111,730 (k)	—	(172,251) (k)	172,251 (k)	—
Other differences	70,000	—	—	70,000	—	—	70,000
Shareholders' equity under U.S. GAAP	<u>47,426,000</u>	<u>8,845,751</u>	<u>31,988,673</u>	<u>88,260,424</u>	<u>(223,257)</u>	<u>6,246,134</u>	<u>94,283,301</u>

- (a) Deutsche Telekom's German to U.S. GAAP reconciling items are derived from Note 19 of the Deutsche Telekom unaudited interim consolidated financial statements for the nine months ended September 30, 2000 incorporated by reference in this document.
- (b) Under German GAAP, internal software development costs are not capitalized. This adjustment capitalizes and amortizes costs capitalizable for U.S. GAAP purposes.
- (c) Under German GAAP, maintenance accruals are recorded for costs to be incurred in future periods. These accruals were reversed for U.S. GAAP purposes.
- (d) Under German GAAP, financing costs are expensed as incurred. This adjustment is to defer and amortize financing costs over the term of the loan for U.S. GAAP purposes.
- (e) Under German GAAP, interest related to construction projects is not capitalized. Under U.S. GAAP, interest costs would be capitalized as part of the asset being constructed.
- (f) Under German GAAP, license amortization commences on the date the license is acquired. Under U.S. GAAP, amortization of these licenses would commence upon the license being placed into service. This adjustment reverses the amortization expense recognized under German GAAP during the non-operational period of the license.

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(g) The application of German GAAP results in differences from U.S. GAAP related to certain aspects of the accounting for the purchase of VoiceStream and Powertel, which would result in the following adjustments:

i) As discussed in note 4 (c) and 14 (c), under German GAAP Deutsche Telekom ordinary shares issued in consideration for the acquisitions of VoiceStream and Powertel would be valued based on the quoted market price as of the closing dates. Under U.S. GAAP, the share price used to value the Deutsche Telekom ordinary shares issued in consideration for the acquisitions of VoiceStream and Powertel would be valued based on the quoted market price for a few days before and after the merger announcement dates of July 23, 2000 and August 28, 2000, respectively, which were 51.51 euro per share and 44.57 euro per share, respectively. This would result in additional merger consideration of 8.0 billion euros and 433 million euros for the VoiceStream and Powertel acquisition, respectively.

Under U.S. GAAP, certain events could cause remeasurement of the fair value of the Deutsche Telekom ordinary shares issued for the acquisition of VoiceStream. At the close of the transaction, if, pursuant to the merger agreement, a decline in the Deutsche Telekom share price results in a reduction of the amount of total cash consideration to be received and/or an increase in Deutsche Telekom ordinary shares issued due to the tax-related adjustment provisions, a new measurement of the share price would be triggered. The effect of any remeasurement pursuant to the tax-related adjustment provisions would reduce the overall purchase price. For each 10 euro decrease in the Deutsche Telekom ordinary share price from the share price disclosed in the preceding paragraph, the VoiceStream merger consideration would decrease by 7.8 billion euros and annual amortization would decrease by 390 million euros.

ii) Certain intangible assets including VoiceStream's tradename, subscriber base and assembled workforce have been recognized for U.S. GAAP purchase accounting but not for German GAAP purposes. Based on preliminary valuations using assumptions we consider reasonable, the value ascribed to these intangible assets was approximately 3.1 billion euros. The asset lives for these assets have been estimated to be 20, 3 and 3 years, respectively, resulting in additional annual amortization of 265.2 million euros (nine months – 198.9 million euros).

(h) Under German GAAP, the gain from the Powertel sales-leaseback transaction would be recognized immediately, whereas under U.S. GAAP, gains on sales-leaseback transactions can be deferred under certain circumstances. This adjustment defers the gain recognized under German GAAP.

(i) For U.S. GAAP purposes, the gain deferred by Powertel for the sale and leaseback of towers is not valued in the purchase price allocation as it provides no future benefit.

(j) Under German GAAP, minority interest and mandatorily redeemable securities are included in shareholders' equity. For U.S. GAAP purposes, these items are classified as mezzanine on the balance sheet.

(k) Under U.S. GAAP, preferred shares that are mandatorily redeemable are excluded from shareholders' equity. Under German GAAP, these financial instruments are classified as equity. Additionally, these preferred shares are assumed to be converted for pro forma purposes and have been eliminated to reconcile the U.S. GAAP pro forma shareholders' equity to the German GAAP pro forma shareholders' equity.

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Note 22

As discussed in Notes 12 and 14(i), Deutsche Telekom has recorded as deferred compensation expense a portion of the intrinsic value of the unvested stock options for which future service is required related to the unvested portion of stock options issued as part of the Deutsche Telekom/VoiceStream merger and the Deutsche Telekom/Powertel merger. This expense is being recognized over the remaining future vesting periods of the VoiceStream and Powertel grants estimated to be an average of 2.8 and 1.2 years, respectively.

Additionally, as part of the Deutsche Telekom/VoiceStream and Deutsche Telekom/Powertel merger agreements, Deutsche Telekom has agreed to pay existing management and employee retention and incentive bonuses and grant options. The payments will be recorded as period expenses in the period subsequent to the mergers. The total amount currently estimated to be paid out is 150 million euros. Since these costs are non-recurring in nature, no associated compensation expense has been recognized in the pro forma statements of operations.

Note 23

This adjustment represents additional depreciation and amortization expense recognized as part of the purchase price allocation to tangible and intangible assets. These tangible and intangible assets are being amortized over their useful lives as follows:

Property, plant and equipment	3 to 20 years
Goodwill	20 years
Licenses	20 years

Note 24

Deutsche Telekom obtained financing to fund its initial 5.7 billion euro investment in VoiceStream preferred shares and will borrow additional amounts to fund the cash portion of the Deutsche Telekom/VoiceStream merger consideration. The pro forma adjustment represents additional interest expense that would have been incurred had the merger or the investment occurred at the beginning of the period. Interest expense was calculated using Deutsche Telekom's weighted average borrowing rate of 7.44%.

Note 25

This adjustment represents the tax benefit resulting from the additional interest expense to be recognized by Deutsche Telekom as described in Note 24.

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Note 26

The following summarizes the principal adjustments to reconcile net income (loss) under German GAAP to the amounts that would have been reported had U.S. GAAP been applied.

September 30, 2000							
	Deutsche Telekom(a)	VoiceStream	VoiceStream Merger Adjustments	Deutsche Telekom and VoiceStream	PowerTel	PowerTel Merger Adjustments	Adjusted Deutsche Telekom, VoiceStream and PowerTel
Unaudited pro forma net income							
(loss) under German GAAP	8,445,000	(1,709,945)	(1,728,662)	5,006,393	(168,902)	(230,932)	4,606,559
Value-added tax	(141,000)	—	—	(141,000)	—	—	(141,000)
Software costs	33,000	882 (b)	—	33,882	—	—	33,882
Personnel restructuring accrual	(81,000)	—	—	(81,000)	—	—	(81,000)
Employee share purchase plans	15,000	—	—	15,000	—	—	15,000
Deferred income/derivatives	(66,000)	—	—	(66,000)	—	—	(66,000)
Maintenance accrual	4,000	—	—	4,000	—	—	4,000
Share offering costs	94,000	—	—	94,000	—	—	94,000
Goodwill/intangible differences	(71,000)	—	(493,164) (f)	(564,164)	—	(15,588) (f)	(579,752)
Deferred financing	23,000	(5,903) (c)	—	17,097	(2,924) (c)	—	14,173
Capitalized interest	—	(2,263) (d)	—	(2,263)	(1,446) (d)	—	(3,709)
License amortization	465,000	3,496 (e)	12,214 (e)	480,710	183 (e)	2,357 (e)	483,250
Sales-leaseback	—	—	—	—	7,104 (g)	(7,104) (h)	—
Income taxes	(752,000)	—	—	(752,000)	—	—	(752,000)
Mark to market of available for sale securities	—	22,327 (i)	—	22,327	—	—	22,327
Gain on subsidiary stock issued as part of a business combination	1,822,000	—	—	1,822,000	—	—	1,822,000
Other differences	22,000	—	—	22,000	—	—	22,000
Unaudited pro forma net income							
(loss) under U.S. GAAP	<u>9,812,000</u>	<u>(1,691,406)</u>	<u>(2,209,612)</u>	<u>5,910,982</u>	<u>(165,985)</u>	<u>(251,267)</u>	<u>5,493,730</u>

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	Deutsche Telekom(a)	VoiceStream	VoiceStream Merger Adjustments	Deutsche Telekom and VoiceStream	Powertel	Powertel Merger Adjustments	Adjusted Deutsche Telekom, VoiceStream and Powertel
Unaudited pro forma net income (loss) under German GAAP	1,253,000	(1,615,862)	(2,393,216)	(2,756,078)	(45,304)	(307,909)	(3,109,291)
Value-added tax	288,000	—	—	288,000	—	—	288,000
Software costs	163,000	553 (b)	—	163,553	—	—	163,553
Personnel restructuring accrual	(97,000)	—	—	(97,000)	—	—	(97,000)
Employee share purchase plans	(17,000)	—	—	(17,000)	—	—	(17,000)
Deferred income/derivatives	(61,000)	—	—	(61,000)	—	—	(61,000)
Maintenance accrual	2,000	—	—	2,000	—	—	2,000
Share offering costs	238,000	—	—	238,000	—	—	238,000
Goodwill/intangible differences	—	—	(657,553) (f)	(657,553)	—	(20,784) (f)	(678,337)
Deferred financing	—	34,309 (c)	—	34,309	(1,919) (c)	—	32,390
Capitalized interest	—	(472) (d)	—	(472)	(949) (d)	—	(1,421)
License amortization	—	18,539 (e)	30,163 (e)	48,702	214 (e)	3,141 (e)	52,057
Sales-leaseback	—	—	—	—	(78,231) (g)	5,351 (h)	(72,880)
Income taxes	(244,000)	—	—	(244,000)	—	—	(244,000)
Other differences	(12,000)	—	—	(12,000)	—	—	(12,000)
Unaudited pro forma net income (loss) under U.S. GAAP	<u>1,513,000</u>	<u>(1,562,933)</u>	<u>(3,020,606)</u>	<u>(3,070,539)</u>	<u>(126,189)</u>	<u>(320,201)</u>	<u>(3,516,929)</u>

- (a) Deutsche Telekom's German GAAP to U.S. GAAP reconciling items are derived from Note 36 of the Deutsche Telekom consolidated financial statements for the year ended December 31, 1999 and Note 19 of the Deutsche Telekom unaudited interim consolidated financial statements for the nine months ended September 30, 2000, incorporated by reference in this document.
- (b) Under German GAAP, internal software development costs are not capitalized. This adjustment capitalizes and amortizes costs capitalizable for U.S. GAAP purposes.
- (c) Under German GAAP, financing costs are expensed as incurred. This adjustment is to defer and amortize financing costs over the term of the loan for U.S. GAAP purposes.
- (d) Under German GAAP, interest is not capitalized related to construction projects. Under U.S. GAAP interest costs are capitalized as part of the asset being constructed.
- (e) Under German GAAP, license amortization commences on the date the license is acquired. Under U.S. GAAP, amortization of these licenses would commence upon the asset being placed into service. This adjustment reverses the amortization expense recognized under German GAAP during the non-operational period of the license.
- (f) As discussed in note 21 (g), the application of German GAAP results in differences from U.S. GAAP related to certain aspects of the accounting for the purchase of VoiceStream and Powertel, which would result in the following adjustments:
- i) Under U.S. GAAP, goodwill amortization would be increased due to valuation differences in the ordinary shares issued as acquisition consideration. Annual goodwill amortization would increase

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by 400 million euros and 22 million euros for the VoiceStream and Powertel mergers respectively (9 months – 300 million euros and 16 million euros);

- ii) Certain intangible assets including VoiceStream's tradename, subscriber base and assembled workforce have been recognized for U.S. GAAP purchase accounting but not for German GAAP purposes. Based on preliminary valuations using assumptions we consider reasonable, the value ascribed to these intangible assets was approximately 3.1 billion euros. The asset lives for these assets have been estimated to be 20, 3 and 3 years, respectively, resulting in additional annual amortization of 265.2 million euros (nine months – 198.9 million euros).
- (g) Under German GAAP, the gains from the Powertel sale-leaseback transaction would be recognized immediately whereas under U.S. GAAP, gains on sale-leaseback transactions can be deferred under certain circumstances. This adjustment defers the gain recognized for German GAAP purposes.
- (h) For U.S. GAAP purposes, the gain recognized by Powertel is not valued in the purchase price allocation as it provides no future benefit.
- (i) Under U.S. GAAP mark to market adjustments for investments classified as available for sale are recorded in other comprehensive income. Under German GAAP investment write-downs are recorded against net income.

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Note 27

The following summarizes the pro forma earnings (loss) per share calculation under German GAAP and U.S. GAAP:

	Deutsche Telekom and VoiceStream		Deutsche Telekom, VoiceStream and PowerTel	
	Nine months ended September 30, 2000	Year ended December 31, 1999	Nine months ended September 30, 2000	Year ended December 31, 1999
German GAAP:				
Pro forma net income (loss)	<u>5,006,393</u>	<u>(2,756,078)</u>	<u>4,606,559</u>	<u>(3,109,291)</u>
Weighted average Deutsche Telekom common shares outstanding	<u>3,025,000</u>	<u>2,884,000</u>	<u>3,025,000</u>	<u>2,884,000</u>
Shares issued in VoiceStream merger	<u>775,955</u>	<u>775,955</u>	<u>775,955</u>	<u>775,955</u>
Shares issued in PowerTel merger	<u>—</u>	<u>—</u>	<u>130,321</u>	<u>130,321</u>
Pro forma weighted average shares outstanding	<u>3,800,955</u>	<u>3,659,955</u>	<u>3,931,276</u>	<u>3,790,276</u>
Earnings (loss) per share	<u>1.32</u>	<u>(0.75)</u>	<u>1.17</u>	<u>(0.82)</u>
U.S. GAAP-Basic:				
Pro forma net income (loss)	<u>5,910,982</u>	<u>(3,070,539)</u>	<u>5,493,730</u>	<u>(3,516,929)</u>
Weighted average Deutsche Telekom common shares outstanding	<u>3,025,000</u>	<u>2,884,000</u>	<u>3,025,000</u>	<u>2,884,000</u>
Shares issued in VoiceStream merger	<u>775,955</u>	<u>775,955</u>	<u>775,955</u>	<u>775,955</u>
Shares issued in PowerTel merger	<u>—</u>	<u>—</u>	<u>130,321</u>	<u>130,321</u>
Pro forma weighted average shares outstanding	<u>3,800,955</u>	<u>3,659,955</u>	<u>3,931,276</u>	<u>3,790,276</u>
Basic pro forma earnings (loss) per share ..	<u>1.56</u>	<u>(0.84)</u>	<u>1.40</u>	<u>(0.93)</u>
U.S. GAAP—Dilutive:				
Pro forma net income (loss)	<u>5,910,982</u>	<u>(3,070,539)</u>	<u>5,493,730</u>	<u>(3,516,929)</u>
Add: Preferred stock dividends	<u>9,137</u>	<u>—</u>	<u>9,137</u>	<u>—</u>
Less: Losses in unconsolidated subsidiaries ..	<u>(57,618)</u>	<u>—</u>	<u>(57,618)</u>	<u>—</u>
Adjusted pro forma net income (loss)	<u>5,862,501</u>	<u>(3,070,539)</u>	<u>5,445,249</u>	<u>(3,516,929)</u>
Weighted average Deutsche Telekom common shares outstanding	<u>3,025,000</u>	<u>2,884,000</u>	<u>3,025,000</u>	<u>2,884,000</u>
Shares issued in VoiceStream merger	<u>775,955</u>	<u>775,955</u>	<u>775,955</u>	<u>775,955</u>
Shares issued in PowerTel merger	<u>—</u>	<u>—</u>	<u>130,321</u>	<u>130,321</u>
Effect of dilutive securities:				
Subsidiary pro forma shares(b)	<u>31,710</u>	<u>—</u>	<u>31,710</u>	<u>—</u>
Unconsolidated subsidiary put options(b) ..	<u>47,499</u>	<u>—</u>	<u>47,499</u>	<u>—</u>
Stock options	<u>132,126</u>	<u>—</u>	<u>145,502</u>	<u>—</u>
Pro forma weighted average shares outstanding	<u>4,012,290</u>	<u>3,659,955</u>	<u>4,155,987</u>	<u>3,790,276</u>
Diluted pro forma earnings (loss) per share ..	<u>1.46</u>	<u>(0.84) (a)</u>	<u>1.31</u>	<u>(0.93) (a)</u>

- (a) All potentially convertible securities as of December 31, 1999 were anti-dilutive, and accordingly have not been included in the calculation of dilutive earnings (loss) per share under U.S. GAAP.
(b) Adjustment to include the impact of dilutive convertible securities.

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Note 28 Pro Forma Balance Sheet of VoiceStream at September 30, 2000

The table below sets out the adjustments to convert the VoiceStream U.S. GAAP and U.S. dollars consolidated balance sheet as at September 30, 2000 derived from the unaudited Quarterly Report on Form 10-Q filed with the SEC for the nine months ended September 30, 2000 to Deutsche Telekom's accounting policies under German GAAP and euros.

	September 30, 2000			
	Historical VoiceStream	German GAAP Adjustments	VoiceStream Pre-Acquisition	VoiceStream Pre-Acquisition
	US \$ Note 34	US \$ Note 36	US \$	euros Note 38
ASSETS				
Noncurrent assets				
Intangible assets	11,024,908	(178,078) (f) (94,032) (d) (27,357) (e)	10,725,441	12,136,909
Property, plant and equipment	2,195,000	(6,100) (e) (1,709) (b)	2,187,191	2,475,025
Financial assets	1,195,242	—	1,195,242	1,352,536
	<u>14,415,150</u>	<u>(307,276)</u>	<u>14,107,874</u>	<u>15,964,470</u>
Current assets				
Inventories	509,531	—	509,531	576,585
Receivables	324,250	—	324,250	366,921
Other assets	52,413	—	52,413	59,311
Marketable securities	3,623	—	3,623	4,100
Liquid assets	4,107,518	—	4,107,518	4,648,067
	<u>4,997,335</u>	<u>—</u>	<u>4,997,335</u>	<u>5,654,984</u>
Prepaid expenses, Deferred charges and Deferred taxation	17,390	—	17,390	19,679
	<u>19,429,875</u>	<u>(307,276)</u>	<u>19,122,599</u>	<u>21,639,133</u>
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Preferred stock	5,400,963	—	5,400,963	6,111,730
Capital stock	228	—	228	258
Additional paid-in capital	10,224,391	—	10,224,391	11,569,921
Deferred compensation	(39,019)	—	(39,019)	(44,154)
Retained deficit	(30,793)	20,818 (a)	(9,975)	(11,288)
Unappropriated net loss carried forward from previous years	(1,062,898)	(174,819) (f) (99,537) (d) (3,537) (c) (35,566) (e) (888) (b)	(1,377,245)	(1,558,490)
Net loss	(1,274,879)	(3,259) (f) 5,505 (d) 2,109 (e) (20,818) (a) (821) (b)	(1,292,163)	(1,462,212)
Minority interest	307,446	—	307,446	347,906
	<u>13,525,439</u>	<u>(310,813)</u>	<u>13,214,626</u>	<u>14,953,671</u>
Accruals				
Other accruals	324,867	3,537 (c)	328,404	371,622
Liabilities				
Debt	5,095,315	—	5,095,315	5,765,858
Other liabilities	484,254	—	484,254	547,982
	<u>5,579,569</u>	<u>—</u>	<u>5,579,569</u>	<u>6,313,840</u>
	<u>19,429,875</u>	<u>(307,276)</u>	<u>19,122,599</u>	<u>21,639,133</u>

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Note 29 Pro Forma Balance Sheet of Powertel at September 30, 2000

The table below sets out the adjustments to convert the Powertel U.S. GAAP and U.S. dollars consolidated balance sheet as at September 30, 2000 derived from the unaudited Quarterly Report on Form 10-Q filed with the SEC for the nine months ended September 30, 2000 to Deutsche Telekom's accounting policies under German GAAP and euros.

	September 30, 2000			
	Historical Powertel US \$ Note 34	German GAAP Adjustments US \$ Note 36	Pre-Acquisition Powertel US \$	Pre-Acquisition Powertel euros Note 38
ASSETS				
Noncurrent assets				
Intangible assets	407,106	(14,484) (d) (36,640) (e) (11,305) (f)	344,677	390,036
Property, plant and equipment	579,060	(4,201) (e)	574,859	650,510
Financial assets	34,458	—	34,458	38,993
	<u>1,020,624</u>	<u>(66,630)</u>	<u>953,994</u>	<u>1,079,539</u>
Current assets				
Inventories	21,691	—	21,691	24,546
Receivables	45,871	—	45,871	51,908
Other assets	2,924	—	2,924	3,309
Liquid assets	234,189	—	234,189	265,007
	<u>304,675</u>	<u>—</u>	<u>304,675</u>	<u>344,770</u>
Prepaid expenses, Deferred charges and Deferred taxation	16,580	—	16,580	18,762
	<u>1,341,879</u>	<u>(66,630)</u>	<u>1,275,249</u>	<u>1,443,071</u>
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Preferred stock	152,222	—	152,222	172,254
Capital stock	314	—	314	355
Additional paid-in capital	520,343	—	520,343	588,820
Unappropriated net loss carried forward from previous year	(563,190)	(17,210) (d) (42,189) (e) (6,074) (f) (2,326) (c) 83,331 (g)	(547,658)	(619,730)
Net loss	(154,762)	2,726 (d) 1,348 (e) (5,231) (f) (6,624) (g)	(162,543)	(183,934)
	<u>(45,073)</u>	<u>7,751</u>	<u>(37,322)</u>	<u>(42,235)</u>
Accruals				
Other accruals	31,360	2,326	33,686	38,119
Liabilities				
Debt	1,231,063	—	1,231,063	1,393,071
Other liabilities	39,914	—	39,914	45,167
	<u>1,270,977</u>	<u>—</u>	<u>1,270,977</u>	<u>1,438,238</u>
Deferred income	84,615	(76,707)	7,908	8,949
	<u>1,341,879</u>	<u>(66,630)</u>	<u>1,275,249</u>	<u>1,443,071</u>

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Note 30 Pro Forma VoiceStream Statement of Operations for the Nine Months Ended September 30, 2000

(a) The table below sets out the adjustments to convert the pro forma VoiceStream U.S. GAAP and U.S. dollars consolidated statement of operations derived from the unaudited Quarterly Reports on Form 10-Q filed with the SEC for the nine months ended September 30, 2000 to Deutsche Telekom's accounting policies under German GAAP and euros. See Note 30(b) for disclosures regarding the Adjusted Historical VoiceStream column below.

	September 30, 2000			
	Adjusted Historical VoiceStream	German GAAP Adjustments	VoiceStream Pre-Acquisition	VoiceStream Pre-Acquisition
	US \$ Note 34	US \$ Note 37	US \$	euros Note 38
Net revenue	1,453,924	—	1,453,924	1,559,333
Other owned capitalized costs	87,212	—	87,212	93,535
Total operating performance	1,541,136	—	1,541,136	1,652,868
Other operating income	63,226	—	63,226	67,810
Goods and services purchased	(746,284)	—	(746,284)	(800,389)
Personnel costs	(374,361)	(1,340) (a)	(375,701)	(402,939)
Depreciation and amortization	(718,236)	(3,259) (d)	(718,819)	(770,933)
		532 (b)		
		1,626 (c)		
		518 (a)		
Other operating expenses	(890,920)	—	(890,920)	(955,512)
Financial expense, net	(418,162)	7,429 (b)	(431,067)	(462,321)
		484 (c)		
		(20,818) (f)		
Results from ordinary business activities	(1,543,601)	(14,828)	(1,558,429)	(1,671,416)
Extraordinary losses	—	(2,457) (b)	(2,457)	(2,635)
Taxes	(17,973)	—	(17,973)	(19,276)
Loss after taxes	(1,561,574)	(17,285)	(1,578,859)	(1,693,327)
Losses applicable to minority shareholders	(15,494)	—	(15,494)	(16,618)
Net loss	(1,577,068)	(17,285)	(1,594,353)	(1,709,945)

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- (b) The table below consolidates the results of VoiceStream, Omnipoint and Aerial included in the pro forma VoiceStream consolidated statement of operations in U.S. GAAP and U.S. dollars. The VoiceStream historical results are derived from VoiceStream's unaudited Quarterly Reports on Form 10-Q filed with the SEC for the nine months ended September 30, 2000. The Omnipoint results are derived from Omnipoint's unaudited Quarterly Reports on Form 10-Q filed with the SEC for the period from January 1, 2000 to February 24, 2000, the date of Omnipoint's merger with VoiceStream. Aerial's results are derived from its statement of operations for the period from January 1, 2000 to May 4, 2000, the date of Aerial's merger with VoiceStream.

	September 30, 2000 (US \$)					
	Historical VoiceStream Note 34	Historical Omnipoint Note 34	Historical Aerial Note 34	Cook Carve-out (i)	Omnipoint and Aerial Purchase Adjustments Note 35	Adjusted Historical VoiceStream
Net revenue	1,262,873	108,365	97,902	(15,216)	—	1,453,924
Other owned capitalized costs	84,304	2,722	267	(81)	—	87,212
Total operating performance	1,347,177	111,087	98,169	(15,297)	—	1,541,136
Other operating income	62,839	16	371	—	—	63,226
Goods and services purchased	(655,092)	(48,063)	(50,046)	6,917	—	(746,284)
Personnel costs	(320,154)	(21,440)	(31,909)	604	(1,462) (c)	(374,361)
Depreciation and amortization	(541,197)	(38,240)	(36,585)	4,658	(106,872) (d)	(718,236)
Other operating expenses	(766,037)	(88,608)	(47,270)	10,995	—	(890,920)
Financial income (expense), net	(375,132)	(56,386)	15,958	(2,542)	(60) (e)	(418,162)
Results from ordinary business activities	(1,247,596)	(141,634)	(51,312)	5,335	(108,394)	(1,543,601)
Taxes	(15,276)	331	(3,025)	(3)	—	(17,973)
Income (loss) after taxes	(1,262,872)	(141,303)	(54,337)	5,332	(108,394)	(1,561,574)
Losses applicable to minority shareholders	(12,007)	—	—	—	(3,487) (f)	(15,494)
Net Income (loss)	<u>(1,274,879)</u>	<u>(141,303)</u>	<u>(54,337)</u>	<u>5,332</u>	<u>(111,881)</u>	<u>(1,577,068)</u>

- (i) This column reflects the deconsolidation adjustments and the recording of VoiceStream's equity losses for certain Omnipoint operations which were contributed to two joint ventures, Cook Inlet/VoiceStream GSM II and Cook Inlet/VoiceStream GSM III, which we refer to as CIVS II and CIVS III, immediately prior to the Omnipoint merger with VoiceStream. The joint ventures are owned 49.9% by VoiceStream and as such have been accounted for under the equity method.

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Note 31 Pro Forma Powertel Statement of Operations for the Nine Months Ended September 30, 2000

The table below sets out the adjustments to convert the Powertel U.S. GAAP and U.S. dollars consolidated statement of operations derived from the unaudited Quarterly Report on Form 10-Q filed with the SEC for the nine months ended September 30, 2000 to Deutsche Telekom's accounting policies under German GAAP and euros.

	September 30, 2000			
	Historical Powertel	German GAAP Adjustments	Pre-Acquisition Powertel	Pre-Acquisition Powertel
	US \$ Note 34	US \$ Note 37	US \$	euros Note 38
Net revenue	330,558	—	330,558	354,523
Other owned capitalized costs	—	—	—	—
Total operating performance	330,558	—	330,558	354,523
Other operating income	716	—	716	768
Goods and services purchased	(133,623)	—	(133,623)	(143,311)
Personnel costs	(69,834)	—	(69,834)	(74,897)
Depreciation and amortization	(74,981)	1,348 (c)	(73,804)	(79,155)
		(171) (d)		
Other operating expenses	(112,473)	(6,624) (e)	(119,097)	(127,732)
Financial expense, net	(86,379)	2,726 (b)	(83,653)	(89,718)
Results from ordinary business activities	(146,016)	(2,721)	(148,737)	(159,522)
Taxes	(1,434)	—	(1,434)	(1,538)
Loss after taxes	(147,450)	(2,721)	(150,171)	(161,060)
Losses applicable to minority shareholders	(7,312)	—	(7,312)	(7,842)
Net loss	(154,762)	(2,721)	(157,483)	(168,902)

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Note 32 Pro Forma VoiceStream Statement of Operations for the Year Ended December 31, 1999

- (a) The table below sets out the adjustments to convert the pro forma VoiceStream U.S. GAAP and U.S. dollars consolidated statement of operations derived from the Annual Report on Form 10-K filed with the SEC for the year ended December 31, 1999 to Deutsche Telekom's accounting policies under German GAAP and euros. See Note 32(b) for disclosures regarding the Adjusted Historical VoiceStream column below.

	December 31, 1999			
	Adjusted Historical VoiceStream	German GAAP Adjustments	VoiceStream Pre-Acquisition	VoiceStream Pre-Acquisition
	US \$ Note 34	US \$ Note 37	US \$	euros Note 38
Net revenue	1,042,118	—	1,042,118	978,330
Other owned capitalized costs	31,013	—	31,013	29,115
Total operating performance	1,073,131	—	1,073,131	1,007,445
Other operating income	52,055	—	52,055	48,869
Goods and services purchased	(544,754)	—	(544,754)	(511,410)
Personnel costs	(386,617)	(859) (a)	(387,476)	(363,759)
Depreciation and amortization	(803,467)	270 (a) 485 (c) 361 (b) (19,748) (d)	(822,099)	(771,778)
Other operating expenses	(704,363)	—	(704,363)	(661,249)
Financial expense, net	(440,216)	18 (c) 4,125 (b)	(436,073)	(409,381)
Results from ordinary business activities	(1,754,231)	(15,348)	(1,769,579)	(1,661,263)
Extraordinary losses	—	(41,032) (b)	(41,032)	(38,520)
Taxes	115,028	—	115,028	107,987
Loss after taxes	(1,639,203)	(56,380)	(1,695,583)	(1,591,796)
Losses applicable to minority shareholders	(25,635)	—	(25,635)	(24,066)
Net loss	<u>(1,664,838)</u>	<u>(56,380)</u>	<u>(1,721,218)</u>	<u>(1,615,862)</u>

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- (b) The table below consolidates the results of VoiceStream, Omnipoint and Aerial included in the pro forma VoiceStream consolidated statement of operations in U.S. GAAP and U.S. dollars as derived from each entity's Annual Report on Form 10-K filed with the SEC for the year ended December 31, 1999.

	December 31, 1999 (US \$)					
	Historical VoiceStream Note 34	Historical Omnipoint Note 34	Historical Aerial Note 34	Cook Carve-out (i)	Omnipoint and Aerial Purchase Adjustments Note 35	Adjusted Historical VoiceStream
Net revenue	473,627	386,089	233,541	(51,139)	—	1,042,118
Other owned capitalized costs	23,341	7,167	658	(153)	—	31,013
Total operating performance	496,968	393,256	234,199	(51,292)	—	1,073,131
Other operating income	7,489	44,566	—	—	—	52,055
Goods and services purchased	(231,890)	(235,899)	(111,875)	34,910	—	(544,754)
Personnel costs	(166,629)	(125,914)	(92,178)	6,874	(8,770) (c)	(386,617)
Depreciation and amortization	(140,812)	(198,806)	(92,006)	26,684	(398,527) (d)	(803,467)
Other operating expenses	(284,469)	(316,273)	(148,736)	45,115	—	(704,363)
Financial expense, net	(135,964)	(248,744)	(83,114)	(23,623)	(1,244) (e) 61,197 (b) (8,724) (a)	(440,216)
Results from ordinary business activities	(455,307)	(687,814)	(293,710)	38,668	(356,068)	(1,754,231)
Taxes	568	5,878	108,582	—	—	115,028
Income (loss) after taxes	(454,739)	(681,936)	(185,128)	38,668	(356,068)	(1,639,203)
Losses applicable to minority shareholders	—	(4,717)	15,782	—	(15,782) (g) (20,918) (f)	(25,635)
Net loss	<u>(454,739)</u>	<u>(686,653)</u>	<u>(169,346)</u>	<u>38,668</u>	<u>(392,768)</u>	<u>(1,664,838)</u>

- (i) This column reflects the deconsolidation adjustments and the recording of VoiceStream's equity losses for certain Omnipoint operations which were contributed to CIVS II and CIVS III immediately prior to the Omnipoint merger with VoiceStream. The joint ventures are owned 49.9% by VoiceStream and as such have been accounted for under the equity method.

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Note 33 Pro Forma Powertel Statement of Operations for the Year Ended December 31, 1999

The table below sets out the adjustments to convert the Powertel U.S. GAAP and U.S. dollars consolidated income statement derived from the Annual Report on Form 10-K filed with the SEC for the year ended December 31, 1999 to Deutsche Telekom's accounting policies under German GAAP and euros.

	December 31, 1999			
	Historical Powertel	German GAAP Adjustments	Pre-Acquisition Powertel	Pre-Acquisition Powertel
	US \$ Note 34	US \$ Note 37	US \$	euros Note 38
Net revenue	283,411	—	283,411	266,063
Other owned capitalized costs	288	—	288	270
Total operating performance	283,699	—	283,699	266,333
Other operating income	129,172	88,321 (e)	217,493	204,180
Goods and services purchased	(130,514)	—	(130,514)	(122,525)
Personnel costs	(80,468)	—	(80,468)	(75,543)
Depreciation and amortization	(89,180)	1,011 (c) (228) (d)	(88,397)	(82,986)
Other operating expenses	(125,606)	(4,989) (e)	(130,595)	(122,601)
Financial expense, net	(108,183)	2,044 (c)	(106,139)	(99,642)
Results from ordinary business activities	(121,080)	86,159	(34,921)	(32,784)
Taxes	(3,586)	—	(3,586)	(3,367)
Income (loss) after taxes	(124,666)	86,159	(38,507)	(36,151)
Losses applicable to minority shareholders	(9,750)	—	(9,750)	(9,153)
Net Loss	<u>(134,416)</u>	<u>86,159</u>	<u>(48,257)</u>	<u>(45,304)</u>

Note 34 Reclassifications

Reclassifications have been made to the VoiceStream, Powertel, Omnipoint and Aerial historical financial information presented under U.S. GAAP to conform to Deutsche Telekom's presentation under German GAAP.

As a result of the reclassifications, minority interest and mandatorily redeemable preferred shares, which are treated as mezzanine under U.S. GAAP and excluded from shareholders' equity have been included in shareholders' equity for German GAAP presentation. Additionally, certain immaterial reclassifications between assets and liabilities have been made.

Note 35 Omnipoint and Aerial Merger Adjustments

The proforma adjustments described below are necessary to effect the mergers as though they were completed at the beginning of the period.

- (a) This adjustment reflects financing expenses that would have been incurred due to the increase in borrowings related to the total \$150 million investment in Omnipoint made by VoiceStream during 1999 at a market interest rate of 10.3%. This adjustment assumes that VoiceStream purchased Omnipoint Series A preferred shares as of January 1, 1999 and incurred interest expense due to an increase in borrowing to fund the purchase.
- (b) This adjustment reverses intercompany interest expense recorded by Aerial as part of the merger transaction with VoiceStream.